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Intelligence Information Cable

ROUTINE

IN 081947

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NLF MR Case No. 95-3

CITE [redacted]

Document No. # 13

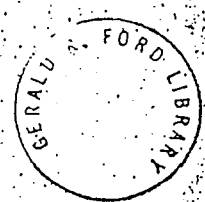
DIST 27 OCTOBER 1976

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COUNTRY : MEXICO
DATE : LATE OCTOBER 1976
SUBJECT : POLICY GUIDELINES FOR THE INCOMING ADMINISTRATION OF PRESIDENT-ELECT JOSE LOPEZ-PORTILLO

ACC : [redacted]
[redacted]
SOURCE : [redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]

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SUMMARY: [redacted] PRESIDENT-ELECT

JOSE LOPEZ-PORTILLO HAS OUTLINED HIS VIEWS ON A NUMBER OF POLICIES WHICH HE EXPECTS TO IMPLEMENT ON TAKING OFFICE. HE RECOGNIZES THE UNSATISFACTORY STATE OF THE MEXICAN ECONOMY AND REGARDS THE UPCOMING PERIOD AS A CRITICAL ONE DURING

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WHICH HE WILL HAVE TO REESTABLISH PRIVATE-SECTOR CONFIDENCE IN THE GOVERNMENT. HE ALSO BELIEVES THAT THERE CAN BE NO ECONOMIC RECOVERY WITHOUT RESTORING LABOR DISCIPLINE AND PRODUCTIVITY AND WILL TAKE A HARD-LINE STAND ON LABOR POLICIES TO ACHIEVE THIS. IN LIKE FASHION, THE PROBLEMS OF UNEMPLOYMENT AND UNDEREMPLOYMENT WILL BE TACKLED. FOREIGN POLICY WILL BE REORIENTED TOWARD THE UNITED STATES AND LATIN AMERICA. TIES WITH THE THIRD WORLD WILL BE MAINTAINED, BUT THE STRESS WILL BE ON MEXICAN SELF-INTEREST. LOPEZ-PORTILLO INTENDS TO STRENGTHEN MEXICAN OFFICIAL REPRESENTATION IN THE U.S., BUT HE WILL NOT ALTER OR SURRENDER THE POSITION OF INDEPENDENCE WHICH MEXICO HAS DEVELOPED TOWARD ALL COUNTRIES, INCLUDING THE U.S. THE FORMATION OF A SECRETARIAT OF INFORMATION IS BEING CONSIDERED. IN THIS CONNECTION, A SMALL COMMITTEE IS ANALYZING THE WAYS AND MEANS TO TONE DOWN THE PROVOCATIVE HEADLINE POLICY OF MOST MEXICAN NEWSPAPERS. IT HAS BEEN EMPHASIZED, HOWEVER, THAT NO INTERFERENCE WITH THE FREEDOM OF THE PRESS IS INTENDED. END SUMMARY.

WHILE PRESIDENT-ELECT JOSE LOPEZ-PORTILLO WILL REFRAIN FROM MAKING ANY COMMENTS ABOUT HIS POLICIES

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PENDING HIS INAUGURATION ON 1 DECEMBER 1976, [REDACTED]

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[REDACTED] LOPEZ-PORTILLO HAS OUTLINED HIS VIEWS ON A NUMBER OF POLICY ISSUES WITH THE EXPECTATION THAT HE WILL MOVE TOWARD THEIR IMPLEMENTATION IMMEDIATELY UPON TAKING OFFICE.

2. LOPEZ-PORTILLO RECOGNIZES BOTH THE UNSATISFACTORY STATE OF THE MEXICAN ECONOMY AND THE VIRTUAL IMPOSSIBILITY OF ANY DRASTIC IMPROVEMENTS WITHIN THE SHORT TERM, BY WHICH HE MEANS A PERIOD OF SIX MONTHS TO TWO YEARS FOLLOWING HIS INAUGURATION. ALTHOUGH OPTIMISTIC ABOUT MEXICO'S LONGER TERM ECONOMIC POTENTIAL, HE REGARDS THE UPCOMING PERIOD AS A CRITICAL ONE DURING WHICH HE HAS TO REESTABLISH PRIVATE-SECTOR CONFIDENCE IN THE GOVERNMENT, BUT HE MUST DO SO WITHOUT TOTALLY ANTAGONIZING ORGANIZED LABOR.

3. LOPEZ-PORTILLO FEELS THAT PRESIDENT LUIS ECHERARRIA ALVAREZ HAS UNNECESSARILY CURRIED FAVOR WITH MEXICAN LABOR WITH THE RESULT THAT SALARY GAINS BY LABOR HAVE EXCEEDED PRODUCTIVITY. HE VIEWS THIS AS A MAJOR CAUSE OF THE LOCAL INFLATION. LOPEZ-PORTILLO HOPES TO REACH AGREEMENT WITH LABOR THAT HENCEFORTH ANNUAL WAGE INCREASES WOULD BE IN THE 5 - 7 PERCENT RANGE, BUT HE IS FULLY AWARE



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THAT THERE WILL BE STRONG OPPOSITION TO THIS. HE INTENDS TO HOLD THE LINE, HOWEVER, EVEN AT THE RISK OF STRIKES AND RIOTS, AND WITH FORCE, IF NECESSARY, BECAUSE OF HIS CONVICTION THAT THERE CAN BE NO ECONOMIC RECOVERY WITHOUT RESTORING LABOR DISCIPLINE AND PRODUCTIVITY.

4. UNEMPLOYMENT AND UNDEREMPLOYMENT ARE REGARDED AS BASIC PROBLEMS, WHICH ARE AND WILL CONTINUE TO BE AGGRAVATED BY HIGH BIRTHRATES AND LACK OF ADEQUATE INVESTMENT. A STUDY GROUP HAS ADVISED LOPEZ-PORTILLO THAT ONLY ABOUT TEN PERCENT OF THE NEW WORK FORCE PER ANNUM CAN BE ACCOMMODATED WITH NEW JOBS IN INDUSTRY. THE SITUATION IS UNACCEPTABLE AND ITS LONG-TERM IMPLICATIONS ARE CATASTROPHIC. NOT ONLY MUST MORE INDUSTRIAL JOBS BE CREATED, BUT THERE MUST BE AN INTENSIFICATION OF THE AGRICULTURAL SECTOR TO PROVIDE EMPLOYMENT IN THE RURAL AREAS. THE ALTERNATIVES WOULD BE INTOLERABLE PRESSURES ON THE CITIES AND INCREASED ILLEGAL MIGRATION TO THE UNITED STATES.

5. MEXICAN FOREIGN POLICY WILL BE REORIENTED TOWARD THE UNITED STATES AND TOWARD LATIN AMERICA. LOPEZ-PORTILLO HAS SAID THAT HIS THREE MOST IMPORTANT AMBASSADORIAL APPOINTMENTS



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WILL BE TO THE UNITED STATES, TO GUATEMALA AND TO CUBA. THE FORMER TWO, BECAUSE THEY ARE NEIGHBORS; CUBA, TO MAKE SURE IT KEEPS ITS HANDS OFF MEXICO.

6. WHILE NOT FORMALLY ALTERING OR RENOUNCING MEXICO'S NEWLY-FOUND STATUS WITH THIRD WORLD COUNTRIES, LOPEZ-PORTILLO WILL EMPHASIZE RELATIONS WITH THOSE COUNTRIES WHICH ARE IN A POSITION TO MAKE A CONTRIBUTION TO MEXICAN RECOVERY.

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HE INTENDS TO MAINTAIN CORDIAL RELATIONS WITH ALL, BUT CITED THE COUNTRIES OF TANZANIA, NIGERIA, ANGOLA AND VIETNAM AS EXAMPLES WHERE THE MAINTENANCE OF MEXICAN REPRESENTATION REPRESENTS UNNECESSARY EXPENSE WITH NO CONCEIVABLE BENEFITS TO MEXICO.

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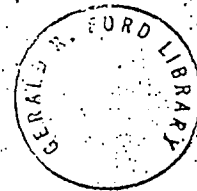
THE STRESS WILL BE ON MEXICAN SELF-INTEREST.

7. THE IDEOLOGICAL FACTOR WILL BE REMOVED FROM FOREIGN TRADE. AN EXAMPLE OF THE TYPE OF ACTIVITY WHICH HE WANTS TO SEE DISCONTINUED, A RECENT CONTRACT WITH MOROCCO, SIGNED BY FRANCISCO A L E J O LOPEZ, SECRETARY FOR NATIONAL PATRIMONY, FOR THE PURCHASE OF FERTILIZERS AT A TOTAL PRICE NEARLY FOUR TIMES HIGHER THAN THE PRICE WOULD

HAVE BEEN FOR SIMILAR FERTILIZER BOUGHT FROM THE UNITED STATES.

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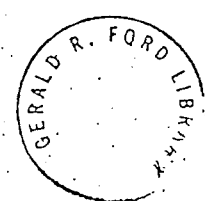
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LOPEZ-PORTILLO IS NOT INTERESTED IN DIVERSIFICATION OF FOREIGN TRADE FOR THE SAKE OF DIVERSIFICATION AND FEELS THAT THE U.S. IS BOTH THE BEST AND MOST LOGICAL TRADING PARTNER FOR MEXICO. LOPEZ-PORTILLO INTENDS TO STRENGTHEN THE MEXICAN OFFICIAL REPRESENTATION IN THE UNITED STATES, BOTH TO HELP MEXICO GET A BETTER UNDERSTANDING OF THE AMERICAN REALITIES AND TO PROMOTE MEXICAN EXPORTS IN THE UNITED STATES. JOSE CALLEJA S T E G U I, UNDERSECRETARY FOR FOREIGN RELATIONS, IS MENTIONED AS THE TYPE OF AMBASSADOR HE IS SEEKING TO THE

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9. IN EMPHASIZING CLOSE COOPERATION WITH THE UNITED STATES, LOPEZ-PORTILLO HAS MADE IT CLEAR THAT THERE CAN BE NO TURNING BACK OF THE CLOCK AND THAT HE IS NOT INCLINED TO ALTER OR RECONSIDER THE POSITION OF INDEPENDENCE WHICH MEXICO HAS DEVELOPED TOWARD ALL COUNTRIES, INCLUDING THE UNITED STATES. FOR EXAMPLE, LOPEZ-PORTILLO WILL NOT ALTER THE REQUIREMENTS FOR MEXICAN MAJORITY CONTROL OF INDUSTRIAL ACTIVITIES IN MEXICO. FOREIGN INVESTMENT, WHILE ENCOURAGED, WILL NOT BE FACILITATED BY ALTERING THE CURRENT LEGISLATIVE FRAMEWORK. LOPEZ-PORTILLO EXPECTS THAT THE FOREIGN INVESTOR WILL ACCOMMODATE TO MEXICAN GROUND RULES BUT, AT THE SAME TIME, THE GOV WILL ADHERE TO THE SAME RULES, THUS PROVIDING ASSURANCE OF SECURITY AND CONTINUITY.

10. THE INCOMING ADMINISTRATION IS KEENLY AWARE OF THE LACK OF CONFIDENCE AND EVEN CYNICISM WITH WHICH ALL SECTORS OF MEXICAN PUBLIC OPINION VIEW THE GOVERNMENT AND ITS ANNOUNCEMENTS. THIS LACK OF CONFIDENCE IS VIEWED AS INTERFERING WITH THE NORMAL FUNCTIONING OF THE ECONOMY. THE EXISTING SITUATION IS ATTRIBUTED TO THE INADEQUATE INFORMATION POLICY OF THE ECHEVERRIA ADMINISTRATION AND TO MUTUALLY EXCLUSIVE

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STATEMENTS ON SPECIFIC POLICY AND IMPLEMENTATION EMANATING FROM THE DIFFERENT SECTORS OF THE GOVERNMENT. THE ESTABLISHMENT OF A SECRETARIAT OF INFORMATION IS BEING CONSIDERED, ALONG WITH WAYS AND MEANS TO TONE DOWN THE PROVOCATIVE HEADLINE POLICY OF MOST MEXICAN NEWSPAPERS. IN THIS CONNECTION, LOPEZ-PORCILLO WAS APPOINTED A SMALL COMMITTEE TO ANALYZE FOUR IMPORTANT NEWSPAPERS, INCLUDING TWO U.S. PAPERS, THE LONDON "TIMES" AND THE PARIS "LE MONDE," WITH THE OBJECTIVE OF DRAWING UP CERTAIN GUIDELINES WHICH MIGHT BE SUGGESTED TO THE LEADING MEXICAN PUBLICATIONS. IT IS EMPHASIZED, HOWEVER, THAT NO INTERFERENCE WITH THE FREEDOM OF THE PRESS IS INTENDED.

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